

## **A Rural Maryland Council Special Report: 2020 Rural Prosperity Investment Initiative** *Building on the Past; Investing in the Future*

### **A Vision of Rural Maryland**

**In the Year 2020, Marylanders living in rural communities are achieving success in education and employment, have access to quality and affordable health care and other vital services, and live in an environment where civic and business entrepreneurship thrives, and where natural and cultural resources are being sustained for future generations.**



## Rural Maryland Trends

### Population

	2000	2004
<b>MARYLAND</b>	<b>5,311,508</b>	<b>5,558,058</b>
<b>Rural Maryland</b>	<b>1,484,756</b>	<b>1,601,019</b>
Suburban	3,178,198	3,320,788
Baltimore City	648,554	636,251
North Central	567,724	619,406
Southern MD	282,997	317,202
Western MD	236,770	243,619
Lower Shore	156,380	163,619
Upper Shore	146,536	160,186
Mid Shore	94,349	96,987

Source; Maryland Statistical Handbook, 2005

### Poverty (All Ages)

	2000	2003
Baltimore City	18.3%	18.9%
Lower Shore	11.6%	11.4%
Mid Shore	10.4%	10.6%
Western MD	10.3%	10.5%
<b>MARYLAND</b>	<b>7.8%</b>	<b>8.8%</b>
Upper Shore	7.2%	7.5%
Suburban	6.0%	7.2%
Southern MD	6.3%	6.5%
North Central	4.8%	5.6%

Source: U.S. Census, Small Area Income and Poverty Estimates

### Regions described in this report are:

- **Western MD:** Garrett, Allegany and Washington.
- **North Central:** Frederick, Harford, Carroll.
- **Southern MD:** Charles, Calvert, St. Mary's.
- **Upper Shore:** Cecil, Kent, Queen Anne's.
- **Mid Shore:** Caroline, Dorchester, Talbot.
- **Lower Shore:** Somercet, Wicomico, Worcester.
- **Suburban:** Anne Arundel, Baltimore County, Howard, Montgomery, Prince George.
- **Baltimore:** Baltimore City.



## Rural Maryland: Building on the Past

### The Need: Rural Maryland's Unique Challenges

The common perception of Rural Maryland as pleasant, sparsely populated small towns dotting a pastoral landscape of farms and forests tends to mask the reality that many of these communities face serious challenges.

Economic and technological dislocation, and increasingly exurban-type sprawl residential development pose continued challenges. Agricultural and other resource-based industries continue to underpin local economies but are increasingly under threat from national and international competition, land development pressure, and regulatory influences. A lack of access to affordable, high-speed broadband services puts the more outlying communities at a tremendous economic development disadvantage. And a persistent lack of decent paying job opportunities (and the related local tax base ramifications) places many rural county and municipal governments under great stress as they attempt to meet all the community development and human services needs of their citizens.

Despite these challenges, the State of Maryland has made significant progress during the last decade. Programs like One Maryland, Community Legacy and Maryland Agricultural Land Preservation have benefited communities while newer programs, such as Priority Places, are also expected to help. Yet it is

clear that much more investment is needed if citizens living in rural areas are to enjoy the same standards of living as their urban and suburban counterparts.

Since 1994, the Rural Maryland Council (RMC) has been working to improve the rural quality of life. In 2000, the RMC, the Maryland Department of Business and Economic Development, and rural state and local elected officials recognized that the Eastern Shore needed coordinated regional planning and development entities like the successful tri-county councils in southern and western Maryland. By 2003, three new rural regional councils were established on the Eastern Shore.

That year, the RMC and the five regional councils conducted a lengthy needs assessment which inspired the General Assembly's Rural Caucus in 2004 to introduce the landmark 2020 Rural Maryland Prosperity Investment Initiative. This legislation called for several million dollars of targeted agricultural, economic, and community development investments; however, these investments were not designed to be permanent features of State spending. Rather, the whole program was to expire by 2020, when a return of the State's investment would have been realized and economic prosperity widely enjoyed

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# The 2020 Rural Maryland Prosperity Investment Fund

## Investing in Rural Maryland's Future

**The 2020 Rural Maryland Prosperity Investment Fund is designed in substantial part to promote intergovernmental cooperation so that Maryland's 18 rural counties – together with their small cities and towns – can work collaboratively to improve their standards of living.**

throughout Rural Maryland. Unfortunately, because of the State's difficult fiscal situation, only the MARBIDCO (i.e., the Maryland Agricultural and Resource-Based Industry Development Corporation) component of the legislation was enacted.

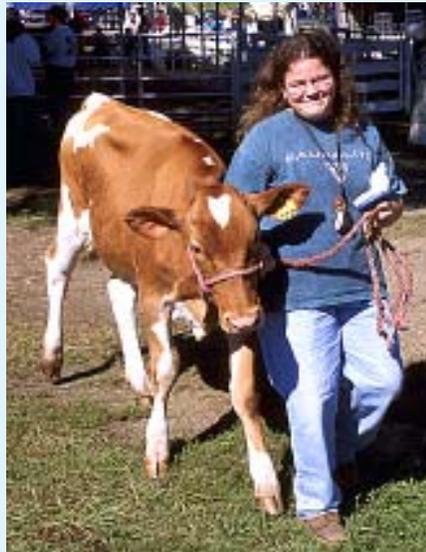
Today, the 1.6 million people living in Maryland's 18 rural counties continue to face a variety of challenges, from changing economic conditions to an aging population to inadequate access to health care to a deteriorating or inadequate physical infrastructure.

### **What can the State do this year to help Rural Maryland?**

Establish the less expansive and more focused 2020 Rural Maryland Prosperity Investment Fund, which is designed to make important targeted investments in rural economic and community development programs and projects. Such significant investment will help build local and regional capacity, leverage or augment available federal funding, and engender private investment in rural-serving projects and programs.

The overall aim of the Investment Fund is to expand economic opportunity, reduce rural/metropolitan employment and service delivery disparities, and improve the rural quality of life.

A key objective of the 2020 Fund is



to promote intergovernmental cooperation in rural regions as well as public/nonprofit collaboration on regional projects and service delivery. Efficiency and economies-of-scale often result when a group of counties (or counties and municipalities) work together to deliver public services, often in conjunction with the private sector. The five rural tri-county councils would play vital roles in facilitating regional cooperation. Moreover, educational institutions and nonprofit organizations would be instrumental in supporting entrepreneurs, developing workforce housing, and helping small or fledging businesses succeed.

Under this refined initiative, the Governor and General Assembly would be authorized – but not required – to allocate money each year to the 2020 Fund. As proposed, the Fund would be administered by the RMC using the existing Maryland Agricultural Educational and Rural Development Assistance Fund (MAERDAF) infrastructure. In addition, as is currently the case, all grant-making decisions would be made by the MAERDAF Grants Review Board, which is made up of representatives from several state agencies, including the Departments of Agriculture, Business and Economic Development, Housing and Community Development, Health and Mental Hygiene, and Natural Resources.

### **NCSL's Principles for Rural Development**

The National Conference of State Legislatures adopted the following rural development principles in 2002 for states to consider:

1. Rural communities deserve fair and equitable governance. Government programs should consider rural concerns and, where appropriate, specifically address them.

2. States should have an agency that considers the full array of rural issues. The agency needs to have adequate backing and resources.

3. Local leadership capacity is part of the basic infrastructure necessary for any effort to succeed. States must help enhance individual and social capital in all its forms including civic leadership, entrepreneurship, public education, community development, and workforce development.

4. Rural America may need disproportionate help to finance its programs or initiatives.

5. Government must take the lead in the development and deployment of telecommunications capacity for rural America.

6. Agricultural and natural resource industries must be sustained as essential components of strong rural economies.

7. Rural communities have unique natural assets in land, heritage, and scenic and cultural amenities. Government must participate in preserving, developing and marketing these resources.

8. Our rural communities and small towns cannot make it alone. Regional and intergovernmental cooperation is a modern necessity for rural areas.

9. Economic development efforts should support the quality of life features that make rural America desirable and help it stand apart.

10. State taxing structures should not result in an over-reliance on a single revenue source or place a disproportionate burden on rural communities.

## Five Regional Councils Serve the State's Rural Regions

### The Need: Finding Ways to Join Together to Face Today's Challenges

In addition to the Rural Maryland Council, the General Assembly has established five regional planning and development councils to concentrate on the needs of specific rural regions and ensure that those areas are not overlooked in public policy discussions. Three of those councils (located on the Eastern Shore) were formed in just the last few years. Each council serves a three-county area that is geographically, culturally and socio-economically similar. By working together and ignoring jurisdictional lines when need be, the rural regions have become stronger and more effective in finding solutions to the challenges before them.

With a two-hands-are-better-than-one mentality, the regional councils have brought elected, civic and business leaders in their regions together to help create economic development strategies, preserve and assist agricultural and resource-based industries, obtain federal funding for infrastructure improvements, coordinate

and sometimes even manage regional transportation projects (including public transit services), and develop support for a diverse set of public policy initiatives.

For generations, rural communities have tried to address the challenges before them largely on their own. After all, rural people are independent, resourceful and community-spirited. But the reality is, that in many cases, rural local governments do not have the resources or local tax base to support adequate investments in needed human services and physical infrastructure. The financial investment necessary to bring all of Rural Maryland up to the same standard of living as the rest of the State has not yet materialized to the level that is needed. The 2020 Rural Prosperity Investment Fund will potentially provide the five rural regional councils with a portion of the funding necessary to help facilitate long-term enhancements to the quality of life in their regions.



### The Rural Regional Councils

- **The Tri-County Council for Southern Maryland** was established in 1965 to serve Calvert, Charles and St. Mary's counties. Director: David Jenkins. Website: [www.tccsmd.org](http://www.tccsmd.org)
- **The Tri-County Council for Western Maryland** was established in 1970 to serve Allegany, Garrett and Washington counties. Director: Leanne Mazer. Website: [www.tccwmd.org](http://www.tccwmd.org)
- **The Upper Shore Regional Council** was established in 2003 to serve Cecil, Kent and Queen Anne's counties. Director: John Dillman. Website: [www.uppershoreregionalcouncil.org](http://www.uppershoreregionalcouncil.org)
- **The Mid-Shore Regional Council** was established in 2002 to serve Caroline, Dorchester, and Talbot counties. Director: Scott Warner. Website: [www.midshore.org](http://www.midshore.org)
- **Tri-County Council for the Lower Eastern Shore** was established in 2002 to serve Somerset, Wicomico, and Worcester counties. Director: Michael Pennington. Website: [www.lowershore.org](http://www.lowershore.org)

### Solution:

#### Invest Now for Prosperity Tomorrow

The 2020 Rural Prosperity Investment Fund would provide funding and support for agricultural and rural development efforts in four key areas:

#### **Regional Cooperation and Collaboration**

**Division A.** Rural Regional Planning and Development Assistance would provide grants specifically for projects and activities of the five rural regional planning and development councils and for other multi-county rural improvement efforts.

#### **Regional Infrastructure Enhancement**

**Division B.** Rural Regional Infrastructure Projects would provide matching grants for projects that involve two or more units of local government and are related to water, wastewater, transportation, workforce housing, health care and commercial/industrial facilities, up to 25 percent of the total project cost.

#### **Rural Entrepreneurship**

**Division C.** Rural Entrepreneurship Development would provide matching grants for entrepreneurial development activities of rural-serving nonprofit organizations and higher educational institutions. Entrepreneurship, a key rural economic development strategy, supports existing rural business sectors (including agriculture and tourism), as well as innovation in technology and other economic development areas.

#### **MAERDAF and Rural Programmatic Support**

**Division D.** Rural Community Development, Programmatic Assistance and Agricultural Education would provide funds to MAERDAF (page 7) and the Rural Maryland Council for grant-making activities, conducting assessments of statewide and regional rural development efforts, developing or expanding rural organizational knowledge-sharing, and publicizing information and best-practices.

# Investing in Infrastructure Improves Rural Quality of Life

## The Need:

### Paying for Big Ticket Upgrades with Limited Tax Base



Infrastructure improvements — from traditional public facilities like roads and sewerage treatment plants to such increasingly important amenities as workforce housing — are vital to healthy, flourishing communities. For instance, about half of the State’s major sewage treatment facilities and 90 percent of the small community wastewater systems are located in rural areas, and many of these systems (especially the smaller ones) are experiencing difficult problems associated with aging collection and treatment

infrastructure. Unfortunately, infrastructure improvements are big ticket items that are often beyond the abilities of rural communities to afford. That’s where the 2020 Fund may play a role in promoting public/private sector cooperation and intergovernmental collaboration in providing necessary infrastructure.

### An Example of Collaborative Rural Problem-Solving: Regional Councils Partnering with the State

**Broadband Deployment:** The “digital divide” in America today is when families or businesses don’t have access to high speed internet services. Although today about 50 percent of Maryland’s rural population has the ability to receive high-speed internet service, most have trouble affording it. In those rural communities where broadband services are available, individuals and businesses often pay twice as much (or even more) than their counterparts in the State’s urban and suburban areas. This lack of available and affordable broadband service creates a significant barrier to economic development, especially for technology-based companies, value-added agricultural operations, and even traditional medium-sized and small businesses interested in locating in rural communities.



Since 2004, the rural regional councils have led important efforts to make broadband service ubiquitous throughout Rural Maryland. Those efforts have been well supported by the RMC, the State’s Task Force on Rural Broadband Communications Deployment, and members of Maryland’s Congressional delegation, which recently announced federal financial support for a fiber-optic backbone that will serve the Eastern Shore and Southern Maryland. The regional councils are establishing a statewide rural broadband cooperative to provide this much-needed telecommunications “backhaul” service which will be accessible by private sector “last mile” telecommunications carriers and internet service providers. Support for this effort has come from the Maryland Department of Business and Economic Development, the Maryland Department of Budget and Management, and the Keystone Cooperative Development Center.

## Wastewater Infrastructure Needs

(\$000)

<b>MARYLAND</b>	<b>\$5,442,344</b>
<b>Rural Maryland</b>	<b>\$1,647,595</b>
Mid Shore	\$182,832
Southern MD	\$217,597
Lower Shore	\$217,058
Upper Shore	\$262,950
North Central	\$367,061
Western MD	\$400,097
Baltimore City	\$688,151
Suburban	\$3,106,598

Source: Maryland Department of the Environment

## Rural Maryland Trends

### Median Sale Price for Single Family Homes

	2000	2004
Suburban	\$172,060	\$336,200
North Central	\$157,500	\$297,975
Southern MD	\$157,400	\$259,058
<b>MARYLAND</b>	<b>\$146,000</b>	<b>\$238,832</b>
Upper Shore	\$135,933	\$235,600
Mid Shore	\$114,400	\$193,891
Lower Shore	\$99,033	\$169,000
Western MD	\$90,833	\$151,300
Baltimore City	\$69,100	\$130,500

Source: Maryland Department of Planning

### Per Capita Income (Current Dollars)

	2000	2003
Suburban	\$38,890	\$42,202
<b>MARYLAND</b>	<b>\$34,257</b>	<b>\$37,446</b>
North Central	\$32,129	\$35,078
Upper Shore	\$30,862	\$33,299
Southern MD	\$30,353	\$32,677
Mid Shore	\$27,740	\$31,117
Lower Shore	\$23,434	\$26,022
Western MD	\$22,695	\$25,162
Baltimore City	\$24,789	\$27,828

Source: 2005 Maryland Statistical Handbook,

# Rural Entrepreneurship Can Stimulate Economic Growth

**An entrepreneur is a person who can realize an opportunity, create a commercial venture around it, and have both the motivation and capacity to create and grow enterprises. They are creative, innovative, risk tolerant, flexible, resourceful, independent, dynamic and growth oriented.**

## The Need: An Effective Rural Economic Strategy



Between one-third and two-thirds of any economy's growth is attributable to entrepreneurial activity. Finding ways to transform the resourcefulness, innovation and self reliance that is so often found in rural communities into growing, innovative businesses is a challenge many rural economic development professionals are increasingly embracing as an effective and important strategy for growing the tax base, expanding economic opportunities, and creating sustainable local economies.

Because of the strong correlation between a high level of entrepreneurship and high economic growth, rural entrepreneurship may well be the best economic development option for communities where citizens are typically poorer, older and more

isolated from markets than their urban or suburban counterparts.

Once established, entrepreneurs have a solid track record for giving back to their communities. Typically, they create new businesses and firms that employ more local people, develop new products and services that improve the economic competitiveness of their neighbors, and reinvest their wealth in other new enterprises as well as in local philanthropies. In addition, low income entrepreneurs often reduce their reliance on government assistance, increase household income and move out of poverty.

Traditional economic development strategies that tend to focus on recruiting larger companies to relocate their operations to the region may not work in rural communities which often don't have the infrastructure or skilled or low-wage labor force necessary to attract or keep big employers. Focusing more on helping existing businesses to grow and new businesses to start offers better long-term prospects for many rural areas. The 2020 Prosperity Investment Fund will promote entrepreneurship and assist efforts that provide training and technical assistance to the entrepreneurs who can help build prosperous and sustainable rural economies by creating jobs, raising incomes, creating wealth and improving the quality of life.

## Rural Maryland Trends

### Unemployment Rate

	2000	2005
Baltimore City	5.9%	7.3%
Lower Shore	5.0%	5.2%
Western MD	4.5%	5.1%
Mid Shore	3.9%	4.6%
Upper Shore	3.4%	4.2%
<b>MARYLAND</b>	<b>3.6%</b>	<b>4.2%</b>
Suburban	3.2%	3.9%
Southern MD	3.1%	3.5%
North Central	3.0%	3.5%

Source: Maryland Department of Labor, Licencing and Regulation

## Contributing to the Solution:

During 2005, a Maryland Rural Entrepreneurship Academy was conducted with the expert facilitation of the Center for Rural Entrepreneurship. During two two-day workshops, about 70 people representing rural businesses, bankers, government and academia discussed impediments and opportunities to moving Maryland's rural entrepreneurial climate forward. The "Rural E-Ship Academy" was sponsored by the Rural Maryland Council, the Microenterprise Council of Maryland, the Maryland Technology Development Corporation, the Maryland Cooperative Extension, and the Maryland Departments of Agriculture, Business and Economic Development, and Natural Resources, among others. A Rural Entrepreneurship Steering Committee was formed at the conclusion of the Academy consisting of rural development leaders, state and local business development officials, cooperative extension staff, rural lenders, and others who will work to formulate a State strategy to support rural entrepreneurs. As part of this collaborative effort, the RMC will host the first statewide convening of rural entrepreneurial service providers in May 2006.

# MAERDAF: Helping Rural Organizations Support Communities

## The Need: Help for Rural Nonprofits, Training

When citizens and organizations come together in economically challenged rural regions to address the issues in their communities, the charitable or private sector dollars needed to support their efforts often don't exist. Local rural governments, too, do not have the financial reserves to offer much help. Consequently, a serious resource deficit exists where the need is often greatest.

The Maryland Agricultural Education and Rural Development Assistance Fund (MAERDAF) was created in 2000 to offer important financial support to rural-serving nonprofit organizations that promote statewide and regional planning, economic and community development, and agricultural and forestry education. In addition, MAERDAF provides targeted funding to community colleges that provide training and technical assistance to small and agricultural businesses.



The MAERDAF Board gives preference to organizations that leverage non-state matching funds. Many grantees have had matches exceeding 100 percent. All grants awarded during the last five years have been less than \$50,000, and until three years ago, most averaged about \$20,000. In FY05, 14 grants were awarded with an average amount just under \$10,000.

During the five-year life of the MAERDAF program, 73 grants, totaling \$1.4 million have been awarded in four focus areas:

- 37 grants totaling \$640,350 have been awarded for agribusiness development or agricultural and forestry education;
- 13 grants totaling \$208,820 have been awarded for rural economic development (non-agricultural);
- 16 grants totaling \$352,708 have been awarded for infrastructure and community development; and
- 7 grants totaling \$176,792 have been awarded for rural health care access improvement.

## The Solution:

A modest State investment in MAERDAF would continue to help the nonprofit sector leverage a substantial amount of private and federal dollars while helping many nonprofits develop institutional capacity, improve grant-writing skills, and enhance the development of volunteer boards and staff.



"MAERDAF has provided the LEAD Maryland Foundation with a vitally important source of funding to help prepare the next generation of agricultural and rural leaders. I think it is fair to say that without the substantial financial support we have received from MAERDAF, LEAD would not be the great educational program it is today."

**Kenny Bounds**  
President

**LEAD Maryland Foundation**

## Rural Maryland Trends

### Causes of Death

(Deaths per 100,000)

	Heart Disease	Diabetes	Accident
<b>Western MD</b>			
2004	346.5	44.0	29.4
2000	338.1	48.5	30.9
<b>Eastern Shore*</b>			
2004	269.4	30.4	36.6
2000	294.0	35.4	31.8
<b>Southern MD</b>			
2004	161.7	20.5	26.2
2000	181.3	28.4	25.9
<b>MARYLAND</b>			
<b>2004</b>	<b>202.8</b>	<b>25.4</b>	<b>25.2</b>
<b>2000</b>	<b>231.9</b>	<b>28.5</b>	<b>21.0</b>
<b>North Central</b>			
2004	194.7	14.9	25.8
2000	208.1	21.2	19.2
<b>Suburban</b>			
2004	167.6	22.3	22.1
2000	196.1	22.1	17.6
<b>Baltimore City</b>			
2004	288.9	38.8	28.8
2000	344.3	46.5	24.1

(Source: Maryland Vital Statistics Annual Report, 2004 - DHMH)

\* Eastern Shore statistics shown as a whole



### Market Value of Ag Products Sold (\$000)

	1997	2002
<b>MARYLAND</b>	\$1,371,374	\$1,293,303
Lower Shore	\$475,848	\$425,321
Mid Shore	\$243,131	\$221,675
Upper Shore	\$187,708	\$201,472
North Central	\$210,576	\$191,803
Suburban	\$130,332	\$148,641
Western MD	\$82,849	\$82,569
Baltimore City	\$50,860	\$62,160
Southern MD	\$38,930	\$21,824

Source: Maryland Department of Planning

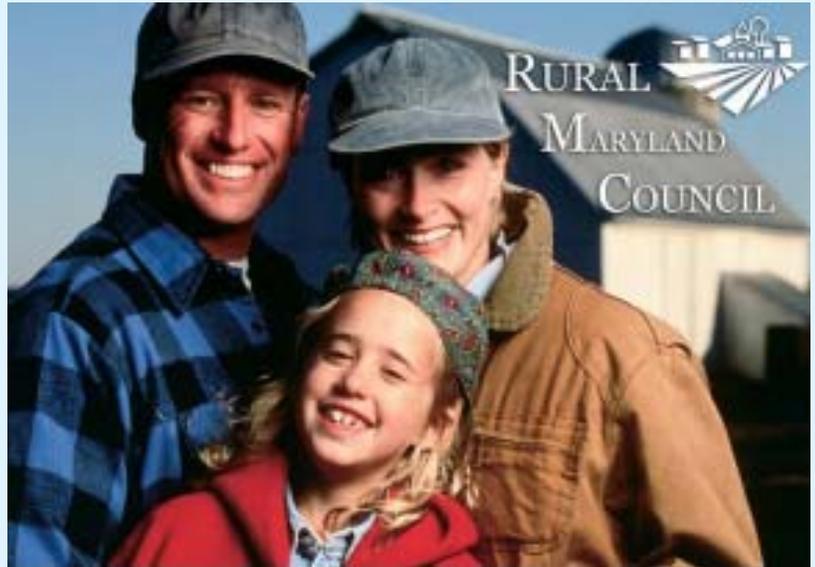
### Number of Farms in Maryland

	1997	2002	Diff.
<b>MARYLAND</b>	13,254	12,198	-1,056
North Central	3,321	3,014	-307
Suburban	2,845	2,595	-254
Southern MD	1,492	1,316	-176
Lower Shore	1,388	1,216	-172
Western MD	1,815	1,687	-128
Upper Shore	1,275	1,229	-46
Mid Shore	1,118	1,145	27
Baltimore City	0	0	0

### Acres of Farmland in Maryland

	1997	2002	Diff.
<b>MARYLAND</b>	2,193,063	2,077,630	-115,433
Suburban	285,943	264,566	-21,377
Upper Shore	371,080	350,027	-21,053
North Central	480,721	424,488	-56,233
Western MD	282,240	265,982	-16,258
Southern MD	163,842	150,241	-13,601
Lower Shore	263,105	276,369	13,264
Mid Shore	346,132	345,957	-175
Baltimore City	0	0	0

Source: 2005 Maryland Statistical Handbook



**The Rural Maryland Council** was created in 1994 and serves as the State's federally designated state rural development council and functions as a statewide rural program and policy development and coordination entity. The RMC, an independent state agency, is governed by a nonpartisan, 40-member board that consists of inclusive representation from the federal, state, regional, county, and municipal governments, as well as the for-profit and nonprofit sectors. The RMC broadly focuses its efforts in a number of issue areas including agriculture and natural resources; economic and community development; infrastructure improvement; human services delivery; and rural health care access. The Council also coordinates the Maryland Agricultural Education and Rural Development Assistance Fund and provides staff support to the Maryland Agricultural and Resource-Based Industry Development Corporation.

#### RMC's Vision of Rural Maryland is one in which:

- Agriculture and other resource-based industries are sustained for future generations as an integral part of Maryland's rural economy and culture;
- Citizens enjoy a consistently high quality of life with access to decent education, health care, housing, recreational and cultural activities;
- Local economies are fully integrated into the global economy through an extensive network of transportation and telecommunication services;
- A strong entrepreneurial spirit is creating growth in all business sectors, allowing both new and existing businesses to flourish;
- Rural communities have high quality water and wastewater facilities and other public infrastructure needed to promote appropriate development; and
- Strong local leadership and active citizenries effectively implement sustainable, community-based strategies for economic development.



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